



CALIFORNIA
DEPARTMENT OF
EDUCATION

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State Superintendent of
Public Instruction

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July 7, 2004

Dear County Superintendents of Schools, Auditors, and Treasurers:

2003-04 SECOND PRINCIPAL APPORTIONMENT

Early in July, county treasurers will receive a warrant that reflects state aid for programs included in the 2003-04 Second Principal Apportionment for elementary, high, and unified school districts, charter schools and county offices of education.

Enclosed is a summary of the method by which the 2003-04 Second Principal Apportionment was calculated, a list of the exhibits, and a list of the staff of the School Fiscal Services Division to assist you if you have questions regarding the apportionment.

For your convenience, a copy of this letter and all of the exhibits are available on the California Department of Education's Web site at <http://www.cde.ca.gov/fg/aa>. Exhibits for the Special Education Apportionment can be found on the same Web site. Each exhibit is displayed for a particular local educational agency (LEA) only if the exhibit is relevant to that LEA's funding.

County superintendents of schools are requested to immediately notify all districts and charter schools of this apportionment by providing them a copy of this letter.

If you have any questions, please contact the Office of Principal Apportionment and Special Education, at (916) 324-4541.

Sincerely,


JACK O'CONNELL

JO:cc
Enclosures

Calculations to Determine the 2003-04 Second Principal Apportionment

Significant Updates

Low STAR and At-Risk of Retention (Grades 2-6). The maximum number of funded hours for grades 2 through 6 pupils identified as having a deficiency in mathematics, reading, or written expression based on the results of the tests administered under the Standardized Testing and Reporting Program (STAR) or identified as at risk of retention pursuant to *Education Code* Section 48070.5 was calculated by multiplying 120 hours by five (5) percent of the October 2002 CBEDS grades 2-6 enrollment. Due to insufficient funding appropriated for the program in the 2003 Budget Act (Chapter 157, Statutes of 2003) and Assembly Bill (AB) 1754 (Chapter 227, Statutes of 2003), a deficit factor of 0.49478600 was applied to the total funding for both programs.

Community Day School. 2003-04 second period (P-2) average daily attendance (ADA) for community day schools was used. Schools with newly approved small school waivers will receive the amount for one certificated teacher displayed on the Schedule F funding table for necessary small schools. Due to insufficient funding appropriated for the program in the 2003 Budget Act and AB 1754, a deficit factor of 0.70990711 was applied to the funding for 5th and 6th hours (for pupils other than mandatory expelled), the approved small school waiver funding (for pupils other than mandatory expelled), and the funding for 7th and 8th hours.

Charter School Categorical Block Grant. 2003-04 P-2 ADA and educationally disadvantaged pupil counts for charter schools were used. Due to insufficient funding appropriated for the program in the 2003 Budget Act and AB 1754, a deficit factor of 0.97163 was applied to the total categorical block grant funding.

PERS Reduction. AB 1818 (Chapter 1168, Statutes of 2002) appropriated \$35 million to reduce the PERS offset to revenue limits. As a result, a factor of 0.77856927 was applied to the PERS adjustment thereby increasing the total revenue limit for school districts and county offices of education.

Basic Aid Funding. The school district revenue limit calculations reflect the elimination of the \$120 per ADA minimum funding for basic aid districts, pursuant to AB 1754.

School Districts

Revenue Limits. The ADA reported on the *Principal Apportionment Revenue* software was used to calculate this apportionment. Revenue limits were increased by the 2003-04 cost-of-living adjustment (COLA) of 1.86 percent. AB 1754 authorized reductions to the revenue limit by 1.198 percent and 1.826 percent. As a result, deficit factors of 0.98802 and 0.98174 were applied to the revenue limit funding.

Continuation Schools. The 2002-03 Annual revenue limit increase was carried forward to 2003-04. The 2003 Budget Act provided no funding for a COLA increase. Newly approved continuation schools for 2003-04 were included in the apportionment.

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Beginning Teacher Salary, #1. The 2002-03 per ADA amount was increased by the 2003-04 COLA (1.86 percent), and then multiplied by the applicable 2002-03 P-2 ADA. A similar calculation was performed separately for Regional Occupational Centers and Programs (ROC/P) ADA. The two totals were combined and added to the district's revenue limit.

Beginning Teacher Salary, #2. Funding for districts that chose option one was computed by multiplying 2003-04 P-2 ADA by a rate of \$6.47 (prior year rate of \$6.35 increased by a 1.86 percent COLA). The initial rate for districts that chose option two was determined by dividing the November 2002 apportionment by the 2001-02 P-2 ADA. This rate was then increased by the 1.86 percent COLA and multiplied by the 2003-04 P-2 ADA. Similar calculations were performed separately for ROC/P ADA. Adult and block grant funded charter school ADA were excluded in all calculations.

Apprentice Program. The lesser of the 2003-04 reported apprentice hours or the 2003-04 capped apprentice hours was multiplied by the hourly rate of \$4.86.

County Offices of Education

The 2003-04 P-2 ADA reported on the *Principal Apportionment Revenue* software was used to calculate this apportionment. Revenue limits were increased by the 2003-04 COLA of 1.86 percent. AB 1754 authorized reductions to the revenue limit by 1.195 percent and 1.826 percent. As a result, deficit factors of 0.98805 and 0.98174 were applied to the revenue limit funding.

Charter Schools

The 2003-04 P-2 ADA reported on the *Principal Apportionment Revenue* software was used to calculate this apportionment. In addition, the ADA was adjusted for charter schools that received a determination of funding from the State Board of Education. The apportionment for charter schools was computed using two funding models – the district or county office revenue limit model and the block grant model. Exhibit I provides the computation for a school district in which all schools have been converted to charter schools pursuant to *Education Code* Section 47606 and funded through the district revenue limit model. There is no special exhibit for charter schools funded through the county office revenue limit; the funding for these charter schools is included in the county office Form O. Exhibits N-1 and N-2 provide the computation for charter schools that are funded through the block grant funding model.

Funding information for direct funded block grant charter schools is provided on the Exhibit C and a detail funding summary for locally funded block grant charter schools is provided on the Exhibit C-CH. The funding amounts on the Exhibit C-CH are already included in, and not in addition to, the district totals on the Exhibit C. Exhibit D-CH provides the detail for adjustments to prior years for direct funded block grant charter schools; for locally funded block grant schools, the adjustments are included in the detail

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of the charter school's sponsoring or authorizing local educational agency on Exhibit D. Funding entitlements change, in general, to reflect revised ADA or updated property tax information. Only those charter schools with prior year changes ("corrections") are displayed.

The apportionment also includes funding adjustments to charter schools that have received overpayments of state aid in current and prior years due to one or more changes in the block grant rates, ADA, or local revenue. The overpaid amounts are displayed on the Exhibit C and Exhibit C-CH. The overpayment is a liability owed to the State and, for most charter schools, an invoice will be sent directly to the charter school. In some cases, the liability will be collected through the apportionment process in the 2004-05 fiscal year.

The general purpose (block grant) amounts per ADA are based on statewide average revenue limits for the applicable grade levels. These amounts are calculated at each apportionment, and the 2003-04 Second Principal Apportionment amounts are as follows:

Grades K-3	\$4,533	Grades 4-6	\$4,600
Grades 7 & 8	\$4,730	Grades 9-12	\$5,494

The categorical (block grant) amounts per ADA are as follows:

Grades K-3	\$172	Grades 4-6	\$177
Grades 7 & 8	\$129	Grades 9-12	\$164

The funding per identified educationally disadvantaged pupil is \$108 per pupil. The minimum grant amounts are \$4,901 for one to ten eligible pupils and \$7,356 for eleven or more eligible pupils.

Adult Education

The entitlement for adult education was calculated using the lesser of the 2002-03 Annual reported ADA or the 2003-04 adult education funded ADA allowed. AB 1266 (Chapter 573, Statutes of 2003) authorized a reduction to the number of funded units of ADA on a pro rata basis, using the number of adult education ADA funded in the 2002-03 fiscal year. As a result, the 2003-04 adult education funded ADA allowed was calculated using the 2002-03 Annual entitlement adjusted by a factor of 0.99267574 then divided by the 2002-03 adult education base revenue limit per ADA. The 2003 Budget Act appropriation for adult education was reduced from 2002-03. In addition, AB 1754 authorized zero growth and COLA for the program.

ROC/P (Regional Occupational Centers/Programs)

The lesser of the 2002-03 Annual reported ADA or the 2003-04 ROC/P ADA cap was multiplied by the 2003-04 base revenue limit per ADA to establish the base funding. AB 1266 authorized a reduction to the number of funded units of ADA on a pro rata basis, using the number of ROC/P ADA funded in the 2002-03 fiscal year. As a result, the 2003-04 ROC/P ADA cap was calculated using the 2002-03 Annual revenue limit adjusted by a factor of 0.992549990 then divided by the 2002-03 weighted base revenue limit per ADA. The 2003 Budget Act appropriation for ROC/P was reduced from 2002-03. In addition, AB 1754 authorized zero growth and COLA for the program.

GATE (Gifted and Talented Education)

The per ADA funding rate for GATE was calculated by dividing the total funds appropriated for GATE, in the 2003 Budget Act and AB 1754, by the total prior year P-2 ADA for the eligible school districts and county offices that reported participation in GATE in the current year. The actual amount per eligible district and county office was determined by calculations based on ADA. Districts with fewer than 1,500 ADA received the highest of \$2,500, the amount it received in 1998-99, or funding based on the rate described above (as adjusted for prior year COLAs). The 2003 Budget Act provided no COLA funding for the program. In addition, due to insufficient funding appropriated for the program in the 2003 Budget Act and AB 1754, a deficit factor of 0.87668965 was applied to the funding.